

#### COMMENTS ON REVISED BILL

The revised bill, as we understand the changes made, conforms the proposed CIA Retirement and Disability System to the Civil Service Retirement System already available to all employees of the Agency with the following three exceptions:

(a) There would be provision in the CIA system for voluntary retirement at age 50 with 20 years of service instead of the Civil Service provision for optional retirement at age 60 with 30 years of service (or age 62 with 5 years of service) or, with a reduced annuity at age 55 with 30 years of service.

(b) An annuity under the CIA system would be computed at 2% of the individual's high-5 salary rather than on the graduated Civil Service formula. This would produce a CIA annuity 3.75% of high-5 higher than a Civil Service annuity.

(c) The CIA system would have no provision for discontinued service benefits except a deferred annuity at age 62. In contrast, the Civil Service system provides an immediate annuity upon involuntary separation at age 50 with 20 years of service or at any age with 25 years of service.

If this revised bill were the only alternative available, we would be far better off merely to seek provision for voluntary retirement at age 50 with 20 years of service and a 2% annuity formula by amendments to the Civil Service Retirement Act. This would be far simpler from an administrative point of view: there would be no internal Agency administration of the

system and no separate retirement fund to manage. (As a practical matter, from the standpoint of time alone, the possibility of obtaining such amendments during the present Congressional session is remote. Assuming that such amendments might ultimately be approved--and our earlier discussions with the Bureau of the Budget, the Civil Service Commission, and Congressional staff officers indicate approval is unlikely--it would probably take another two years to accomplish this during which time the Agency's current and urgent manpower problems would be severely aggravated.)

It would seem to us that the Senate's action on the proposed CIA Retirement and Disability System, as approved by the House, should be determined on the basis of principles related to the Agency's needs and not by single changes made for the sake of conformity or to avoid preferential treatment. The bill we get must be responsive to the Agency's needs or it will be a bad bill.

What are these principles? What are the Agency's needs?

(a) The group of people with which we are preponderantly concerned in this proposed retirement system are dedicating their careers to the overseas affairs of our nation. They are no less Foreign Service Officers than those of the Foreign Service of the State Department. They face the same hardships, disruptions to normal family life and they subject themselves to at least equal discipline. They deserve no less than the benefits believed justified and necessary for those in the Foreign Service.

(b) CIA must compete in both recruitment and career retention for the same kind of exceptional person that the Foreign Service must have--- the highly qualified young American seeking a career in the foreign service of his country. Indeed, the person sought by CIA must be

willing to put up with far more exacting conditions of service and with far less public recognition than the young man sought by the State Department. We are in direct competition in recruitment and we must also keep our people from transferring to the Foreign Service. Yet we can give less assurance of a full working career. Without a comparable retirement system and adequate discontinued service benefits, we will be forced to continue to operate under a critical handicap. The effects will become painfully apparent within the next ten years.

(b) A substantial number of our overseas careerists will lose their usefulness to us at relatively early ages. The reasons for this are many and they relate to the peculiar requirements of our service--insufficient number of cover positions for those in upper middle-age, the mere aging of the gung ho paramilitary covert action officer, impediments of health of officers and their families which limit assignability, and sheer motivational exhaustion (burned out due to the rigor of our service).

(c) The careerists in the group to be covered also include several hundred support people, such as our communicators. These people are recruited young but after 20 or less years of service they have had it. Yet their skills have little direct use in civilian life. These people must have discontinued service benefits sufficient to prevent excessive turnover and yet help them adjust to a second career after leaving CIA.

In summary, our problem is complex. We must provide a personnel employment and management system which is sufficiently flexible to cover two different groups or types of people who cannot be pre-identified. One

group of careerists closely resemble in all ways the Foreign Service Officer of the State Department. The other group <sup>consists of those who inevitably</sup> ~~is that political group and for~~ many and <sup>indefinite</sup> ~~varied~~ reasons become useless after a variable number of years of service but a considerably lesser number of years than can be regarded as a full working career.

The Civil Service Retirement System does not and cannot meet our needs without numerous special provisions--provisions which we have been told are legislatively impossible. The bill which has been approved by the House was designed to and will best provide for our needs.